

Internal Revenue Service
Director, Exempt Organizations

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Department of the Treasury
P.O. Box 2508
Cincinnati, Ohio 45201
Employer Identification Number:

Person to Contact - ID#:

Contact Telephone Number:

UIL Code
4945.04-04

LEGEND

B= Organization
C= Scholarship Program
D= University
F= University
G= State

Dear

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated May 7, 2009.

Our records indicate that B was recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private operating foundation as defined in section 4942(j)(3) of the Code.

B intends to provide scholarship grants to individuals. The name of the scholarship program is called C. For the first year, B contemplates awarding up to ten (10) scholarships (amounts to be determined) to students attending D and F or other colleges or universities in G. The number of grants available each year and the amount of such grants will be dependent on the availability of funds of B. Terms and conditions of C may also include full-time enrollment at a college or university in G, a minimum grade point average, minimum volunteer hours, participation at leadership skills and service learning programs and workshops, continued alignment with C values and an annual evaluation of the program by the recipient.

1. The Selection Process - Candidates for Grants

A. Selection of Grantees

Selection of grantees will be made by the Foundation on an objective and nondiscriminatory basis. The group from which grant recipients will be selected must be sufficiently broad so that giving grants to one or more members of the group fulfills a charitable purpose; however, selection from such a group will not be necessary if one or more grant recipients are selected on the basis of their exceptional qualifications to carry out the

purpose of the grant or it is otherwise evident that the selection is particularly calculated to effectuate the charitable purpose of the grant rather than to benefit particular persons or a particular class of persons.

B. Criteria for Selection

Applicants will be selected based on criteria that are appropriate to accomplishing the underlying purpose of the grant. Such criteria may include, but are not limited to, the following: prior academic performance; performance of each applicant on tests designed to measure ability and aptitude for educational work; recommendations from instructors of such applicant and any others who have knowledge of the applicant's capabilities; additional biographical information regarding an applicant's academic, employment, community service and other relevant experiences; financial need; and conclusions which the grant selection committee may draw as to the applicant's place of residence, past or future attendance at a particular school, past or proposed course of study or evidence of the applicant's artistic, scientific or other special talent.

Recipients of scholarship grants must be (1) primary or secondary school students; (2) undergraduate or graduate students at a college or university who are pursuing studies or conducting research to meet the requirements for an academic or professional degree; or (3) students - whether full-time or part-time - who receive a scholarship for study at an educational institution that provides an educational program acceptable for full credit toward a bachelor's or higher degree, or offers a training program to prepare students for gainful employment in a recognized occupation and is authorized under federal or state law to provide such a program and is accredited by a national recognized accreditation agency. All scholarship grants must be used for tuition and related expenses (as further described in Section 3 below) at an educational institution described in IRC Section 170(b)(1)(A)(ii) (ie., such institution must normally maintain a regular faculty and curriculum and must normally have a regular organized body of students in attendance at the place where the educational activities are carried on).

C. Selection Committee

The Foundation's Board of Directors will appoint all members of any selection committee charged with the evaluation of candidates for scholarship grants. No combination of Donor-advisors, persons recommended or designated by Donor-advisors, or persons related to any of these persons may, directly or indirectly, control any selection committee of a scholarship fund. (ie., Donor-advisors, persons recommended or designated by Donor-advisors and persons related to any of these persons may not constitute a majority of any such selection committee). Where a Donor-advisor recommends a person for appointment to a selection committee based on objective criteria related to the expertise of such person, such person will not be deemed to be appointed or designated by the Donor-advisor. Donor-advisors and related persons may provide advice with respect to the selection of grant or award recipients solely as members of a selection committee.

A Donor-advisor is defined as an individual or organization, including a corporation, partnership or trust, that makes a contribution to

a scholarship fund of the Foundation, where such fund is separately identified by reference to contributions of the Donor-advisor and with respect to which the Donor-advisor (or any person appointed with respect to the distribution or investment of amounts held in such fund by reason of the Donor-advisor's status as a donor.

Every member of any selection committee charged with the evaluation of candidates for scholarship grants will adhere to the relevant policies of the Foundation as they may be adopted and amended from time to time, including, but not limited to, conflict of interest and confidentiality policies. Every member of any selection committee charged with the evaluation of candidates for scholarships grants will be obligated to disclose any personal knowledge of and relationship with any potential grantee under consideration and to refrain from participation in the award process in a circumstance where he or she would derive, directly or indirectly, a private benefit if any potential grantee or grantees are selected over others. No grant covered by this policy may be awarded to any member of the Foundation's Board of Directors, any substantial contributor to the Foundation, any employee of the Foundation, or any other disqualified person (as defined in IRC Section 4946(a)) with respect to the Foundation, or, with respect to grants from a particular scholarship fund, any Donor-advisor or substantial contributor to such fund or any member of a selection committee to such fund.

The selection committee will forward its recommendations to the Foundation staff in such form and on such schedule as the staff shall establish. The Board of Directors of the Foundation will have final approval over each scholarship grant.

2. Terms and Conditions of Scholarship Grants.

The terms and conditions of each scholarship grant will be contained in a letter sent to each recipient of such a grant. The recipient will be required to communicate his or her acceptance thereof by letter in writing to the Foundation. Terms and conditions may include, but are not limited to, the following: specific purpose of the grant, its duration, the total amount of the grant, requirement for narrative reports and participation in supplemental programs and the terms of the renewal of the grant.

3. Supervision Over Scholarship Grants.

Unless otherwise determined by the Foundation, each scholarship grant will be paid by the Foundation directly to the educational institution for the use of the scholarship recipient. Each educational institution must be described in IRC Section 170(b)(1)(A)(ii) and must agree in writing to use the grant funds to defray the scholarship recipient's expenses or to pay the funds (or a portion thereof) to the recipient only if the recipient is enrolled at such educational institution and his or her standing at such educational institution is consistent with the purposes and conditions of the grant. A condition of each such scholarship grant is that it will be used only for qualified tuition and related expenses within the meaning of IRC Section 117(b)(2), and for room and board. Accordingly, a scholarship grant can be used only for: (1) tuition and fees required for the enrollment or attendance of the students at a qualifying institution; (2)

fees, books, supplies, and equipment required for courses of instruction at such an educational institution; and (3) room and board.

If for any reason a scholarship grant is paid to a person other than the educational institution attended by the scholarship recipient or if the scholarship grant is used for expenses other than qualified tuition and related expenses within the meaning of IRC Section 117(b)(2) or for room and board, the Foundation will receive a report on the progress of each recipient of such a scholarship at least once each year. This report must include a summary of the use of the funds awarded, and the grantee's course taken (if any) and grades received (if any) in each academic period. This report must be verified by the educational institution. Upon completion of a grantee's study at an educational institution, a final report will also be obtained.

4. Additional Procedures.

A. Review of Grantee Reports.

A staff member of the Foundation will have the responsibility to follow the progress of each scholarship grant, that is, to review each report submitted by the funded educational institution or grant recipient, to make a determination as to whether the grant purposes are being or have been fulfilled, and to look into any questions requiring further scrutiny or investigation.

B. Investigation where Diversion of Grants is Indicated.

Where reports to the Foundation or other information (including failure to submit reports after a reasonable time has elapsed from their due date) indicates that all or any part of grant funds are not being used for the intended purposes of such grant, the Foundation will initiate an investigation. While conducting the investigation, the Foundation will withhold further payments to the extent possible until it has determined that no part of the grant has been used for improper purposes, and until any delinquent reports have been submitted.

If the Foundation determines that any part of a grant has been used for improper purposes, the Foundation will take all reasonable and appropriate steps to recover diverted grant funds or to insure the restoration of diverted funds and the dedication of other grant funds held by the grantee to the purposes of the grant. These steps will include legal action unless such action would in all probability not result in the satisfaction of execution on a judgment.

If the Foundation determines that any part of the grant has been used for improper purposes and the grantee has not previously diverted grant funds to any use not in furtherance of a purpose specified in the grant, the Foundation will withhold further payments on the particular grant until (1) it has received the grantee's assurance that future diversions will not occur, (2) any delinquent reports have been submitted, and (3) it has required the grantee to take extraordinary precaution to prevent future diversions from occurring. If the Foundation determines that any part of the grant has been used for improper purposes and the grantee has previously diverted Foundation grant funds, the Foundation will withhold

further payment until these three conditions are met and the diverted funds are in fact recovered or restored.

5. Recordkeeping Requirements.

The Foundation will retain the following records in connection with all scholarship grants: all information obtained by the Foundation to evaluate the qualifications of potential grantees, the identification of grantees (including any relationship of any grantee to the Foundation or to a director or officer of the Foundation), the purpose and amount of each grant, and any additional information the Foundation obtains in complying with its grants administration procedures. Information pertaining to unsuccessful applicants for awards will be kept along with information on successful applicants.

Records pertaining to any grant made pursuant to this policy will be retained for at least three (3) years after the filing of the Foundation's annual tax return for the period in which the last installment of such grant was paid.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and

- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi
Director, Exempt Organizations
Rulings and Agreements